

IDC UPDATE

November 5, 2024

IDC Update: October 31, 2024

IDC Hosts Successful Fund Directors Conference in Chicago

IDC held its [2024 Fund Directors Conference](#) in Chicago, bringing independent directors and members of the fund community together for an agenda filled with director experts, noteworthy speakers in the asset management industry, and highly engaging peer-to-peer discussion sessions. This year's conference included a discussion with Securities and Exchange Commission (SEC) Division of Investment Management Director Natasha Vij Greiner and timely panels on US Election Insights and SEC Examination Trends, as well as deep dives into regulatory developments impacting board oversight, oversight considerations for alternative investments, and developments in digital assets. Select sessions are now available for conference registrants for *on-demand viewing* via the [conference app](#).

We want to thank all of our speakers, discussion leaders, planning committee members, and conference registrants. Those who did not register for the conference but wish to register for *on-demand viewing* for select sessions can do so [HERE](#). Please mark your calendars for next year's conference in **Scottsdale, Arizona** at the **Fairmont Scottsdale Princess**, from **October 27-October 29, 2025**.

SEC Division of Examinations Announces 2025 Examination Priorities

Last week, the SEC's Division of Examinations released its [examination priorities](#) for the coming year. In 2025, examinations of registered investment companies (funds) generally will include their compliance programs, disclosures, and governance practices, with a particular focus on "(1) fund fees and expenses, and any associated waivers and reimbursements; (2) oversight of service providers (both affiliated and third-party); (3) portfolio management practices and disclosures, for consistency with claims about investment strategies or approaches and with fund filings and marketing materials; and (4) issues associated with market volatility." The SEC "will also continue to monitor certain developing areas of interest, such as [funds] with exposure to commercial real estate and compliance with new and amended rules." ICI's memorandum summarizing the 2025 examination priorities is available [here](#) (login required).

2024 Post-Election Insights: Implications for Fund Boards and the Asset Management Industry November 14

Just over a week after what could be one of the closest elections in modern history, IDC will host a webinar featuring ICI's Chief Government Affairs Officer, John Emling. This webinar, moderated by Dawn Vroegop (Independent Director, Brighthouse Funds), will provide an overview of the election landscape, and address the potential impact of the election, both presidential and congressional, on the work of fund boards, and the asset management

industry. **Join us November 14 from 2 to 3 pm ET.** Please register [HERE](#).

Funds Prevail in State Court Against Activist Investor Regarding “Majority Rule” By-Law Amendment

Last week, a Massachusetts Superior Court [rejected](#) Saba Capital Management’s (Saba) challenge to a “majority rule” by-law amendment adopted by the directors of several Eaton Vance closed-end funds. The by-law amendment provides that, in a contested trustee election, an incumbent trustee may only be replaced if a challenger receives votes from more than a majority of outstanding shares. Accordingly, “incumbent trustees in a contested election remain in office unless a challenger receives support from more than 50% of outstanding shares, even if the challenger receives significantly more total votes than the incumbent trustee.”

In the Findings of Fact, Conclusions of Law, and Order for Judgment (Order), Judge Debra Squires-Lee held that the majority rule amendment did not (a) breach the funds' declarations of trust, which give shareholders the power to vote for the election of trustees, *or* (b) violate Section 18(i) of the Investment Company Act of 1940, which requires all shares to have equal voting rights. The judge also found that the by-law amendment "puts no burden on any of Saba's shareholder voting rights," as “[r]equiring a higher voting standard to elect a dissident... trustee does not disenfranchise shareholders.” Moreover, the judge observed that "Saba's activist objectives are generally inconsistent with the funds' investment objectives.”

Although she was not asked to address the issue, the judge said the evidence showed “the trustees: (i) were independent and disinterested; (ii) while being advised by disinterested and independent counsel, carefully considered the adoption of the majority rule amendment; and (iii) acted in what they considered to be the best interests of the funds given the funds' investment strategies and the possibility that activist investors could cause transformational change to the funds to the detriment of retail and non-activist institutional investors.”

The Order and other court filings, including expert reports of the parties, can be accessed [here](#) by searching for Case No. 2084CV01533 (case sensitive) in the public records for the Superior Court in Suffolk County (Civil).

Registration Open: IDC Compliance Oversight Peer Group Meeting and Industry Segment Meeting for BDCs

IDC will hold its next meeting for fund directors focused on Compliance Oversight on **Wednesday, November 20 at 2:00 p.m. ET**. The **Compliance Oversight Peer Group Meeting** will be led by John Boyer, Compliance Committee Chair of Voya Funds. Registration is limited to one representative per fund board. If your board would like to participate in the Compliance Oversight Peer Group Meeting and has not already identified a representative, please email Nicole Baker (Nicole.baker@ici.org). A registration link will be sent to designated board representatives shortly.

IDC will also hold its next Industry Segment Meeting for **directors of BDCs** on **Thursday, November 21 at 1:00 p.m. ET**. This meeting will be led by Susan McGee, Independent Director of Goldman Sachs BDC. Register [HERE](#). We will be joined by Bryan Morris, Partner, Investment Management Practice, Deloitte & Touche LLP, who will discuss board oversight considerations for alternative investments.

Registration Open for IDC's *Foundations for Fund Directors*® Program on December 4-5 (Virtual)

Registration is open for IDC's next *Foundations for Fund Directors*® [orientation program](#), which will be held virtually on **Wednesday, December 4** and **Thursday, December 5**. Designed for current independent directors with up to five years of experience, *Foundations for Fund Directors*® serves as the definitive orientation program to get directors up to speed on their roles through two days of hands-on exercises in a small group setting. Several experienced independent directors will facilitate discussions focusing on guiding principles for director oversight; oversight of investment management and performance, compliance, and risk management; and advisory contract review. Hallmark features of the program include its in-depth, interactive case studies on directors' responsibilities and their role as fiduciaries. Participation is limited to fund directors of member funds. Please register [HERE](#).

Join Other Fund Directors at IDC's Fall Chapter Meetings in Northern California and Florida

IDC's chapter meetings are informal and interactive gatherings for independent and interested fund directors. They are open to directors of member funds. Chapter meetings are an ideal opportunity to engage in peer-to-peer discussions relating to your roles as fund directors. Chapter meetings also address governance practices, policy developments, and other current topics relevant to fund boards.

The **Northern California Chapter Meeting** will be held on **Thursday, December 12** at Allspring Global Investments (525 Market Street, 12th Floor, San Francisco, CA 94105). We will be joined by Katie D'Angelo, Head of Global Relationship Management, Intermediary Sales, of Allspring Global Investments. You can register [HERE](#).

IDC will hold two **Florida Chapter Meetings** next year. The west coast chapter meeting will be held on **Tuesday, February 18** at the Country Club of Naples (185 Burning Tree Drive, Naples, FL 34105). You can register [HERE](#). The east coast chapter meeting will be held on **Thursday, February 27** at the Country Club at Mirasol (11600 Mirasol Boulevard, Palm Beach Gardens, FL 33418). You can register [HERE](#).

Additional details – including guest speakers and locations – will be posted at a future date.

IDC Hosts a Speaker Series Conversation with Kathy Sullivan, Astronaut and Explorer

[Astronaut and explorer Kathy Sullivan](#) joined IDC on **Tuesday, October 29**, for a conversation with Diamond Hill CEO, **Heather Brilliant**. They discussed Sullivan's professional and personal journey as the first woman to walk in space and explore the bottom of the Mariana Trench, the deepest known point in Earth's oceans. Brilliant and Sullivan touched on the leadership skills that Sullivan developed from her trailblazing experiences. A recording will be available in about a week.

Mark Your Calendar for Upcoming Events

All times are shown in eastern time (ET), unless otherwise noted.

IDC Conferences

2025 Schedule

- Fund Directors Workshop, April 30–May 2 (Washington, DC)
- Fund Directors Conference, October 27–29 (Scottsdale, AZ)

Foundations for Fund Directors®

- [December 4–5 \(Virtual\)](#)

Chapter Meetings

- [Northern California, December 12, 10:00 a.m. \(PT\)](#)
- [Naples, Florida, February 18, 2025, 10:00 a.m.](#)
- [Palm Beach Gardens, Florida, February 27, 2025, 10:00 a.m.](#)

Industry Segment Meetings

- Compliance Oversight Peer Group, Wednesday, November 20, 2:00 p.m.
- [Directors of BDCs, Thursday, November 21, 1:00 p.m.](#)

A list of [IDC events](#) can be found on IDC's website. Please contact [Paul Mussoni](#) for additional information.

In Case You Missed Recent IDC Webinars or IDC Update Editions

Be sure to check out our recent webinars available on-demand:

- [Recent Litigation Shaping Regulatory Agencies—What Boards Should Know](#)
- [The Nuts and Bolts of AI: A Primer for Fund Directors](#)

To access all of IDC's archived content, please click [here](#) (login required) for full access.

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